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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 25% INTEREST IN ANTWERP GATEWAY NV

The Board wishes to announce that the Company has agreed to acquire 25% interest in Antwerp Gateway, through COSCO Ports (Antwerp) NV, the Purchaser, a Belgium company jointly held by COSCO Ports (Belgium) Limited and Win Hanverky Investments Limited (both being wholly owned subsidiaries of the Company). The Acquisition includes a transfer of 25% of an existing shareholders' loan in Antwerp Gateway from the Seller to the Purchaser.

Antwerp Gateway was incorporated under the laws of Belgium for the purpose of developing, equipping and operating a container terminal on the east side of the Deurganckdock in the Port of Antwerp in Belgium, whose concession rights have been granted to Antwerp Gateway by the APA.

The consideration for the Acquisition may possibly amount to €133,879,058 (equivalent approximately to HK\$1,349,902,542), which shall be satisfied in full by internal resources of the Company. The Acquisition will be effected and evidenced by a Share Purchase Agreement and a Shareholders Agreement. The terms of the Acquisition were arrived at after arm's length negotiations.

Applying the relevant percentage ratios from the calculations set out in Rule 14.07 of the Listing Rules, the Acquisition shall be classified as a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Acquisitions will be dispatched to the shareholders of the Company.

THE AGREEMENTS

Share Purchase Agreement

Agreement date : 16 November 2004

Purchaser : COSCO Ports (Antwerp) NV

The Purchaser is an indirect wholly owned subsidiary of the Company, held jointly by two of the Company's indirect wholly owned subsidiaries, namely COSCO Ports (Belgium) Limited and Win Hanverky Investments Limited.

Seller : P&O Ports Europe NV

The Seller is not a connected person (as defined under the Listing Rules) of the Company.

Assets to be acquired : (i) 25% of the shares of Antwerp Gateway (which is not a connected person under the Listing Rules);

(ii) 25% of the existing shareholders' loan (amounts to €24,122,225 in its entirety) in Antwerp Gateway; and

(iii) 25% interest in the Antwerp Project, which potentially requiring financial contribution of up to €126,344,444 from the Purchaser for the development of the Antwerp Project.

Value of asset to be acquired : €133,879,058 (approximately HK\$1,349,902,542)

Antwerp Gateway was incorporated on 26 October 2000 under the laws of Belgium as a limited company with a share capital of €62,000 represented by 6,200 registered shares valued at €10 each (with no nominal value). The share capital was enlarged to €500,000 represented by 50,000 registered shares valued at €10 each (with no nominal value) on 5 November 2004. Antwerp Gateway was formed for the purpose of realising the Antwerp Project, and the concession rights of which were only granted by APA to Antwerp Gateway in September 2003, therefore Antwerp Gateway has not had any substantial business and trade records to date. According to Antwerp Gateway's annual accounts covering the accounting period from 1 January 2003 to 31 December 2003, the net liabilities of Antwerp Gateway as at 31 December 2003 was €156,770, operating loss, €70,216, and net loss on ordinary activities before taxes, €79,000. For the preceding accounting period from 1 January 2002 to 31 December 2002, the annual accounts recorded that the net liabilities as at 31 December 2002 was €77,770, net loss on ordinary activities before taxes, €89,390 and operating loss, €87,476.

The Board therefore takes the view that, to give a true, fair and reasonable reflection of the value of the asset to be acquired herein, the consideration figure should be adopted for such purpose.

Consideration : €133,879,058 (approximately HK\$1,349,902,542)

(including potential financial contribution)

The consideration comprises 5 parts:

- (i) €125,000 — share price (i.e. 12,500 shares valued at €10 per share, which being 25% of the fully paid-up share capital of Antwerp Gateway);
- (ii) €4,058 — incorporation & holding costs as at the Latest Practicable Date, calculated on the basis of an interest rate of 3% above LIBOR (the Board considers such rate as fair and reasonable) on 25% of the fully paid-up share capital of Antwerp Gateway (i.e. on €15,500 for the period from 26 October 2000 to 5 November 2004, and on €125,000 for the period from 6 November 2004 to 16 November 2004);
- (iii) €1,375,000 — additional purchase price, which being the compensation payment to be made to the Seller following the surrender of part of an existing container terminal facility owned by the Seller and the waiver that the APA is to grant to Antwerp Gateway waiving certain conditions contained in the Concession Agreement currently applied to the Antwerp Project. This compensation amount is arrived at after arm's length commercial negotiation and is considered by the Board as fair and reasonable and in the interests of the Company's shareholders and the Company as a whole;
- (iv) €6,030,556 — transfer price for 25% of the shareholders' loan (extended by the existing shareholders of Antwerp Gateway to Antwerp Gateway in the sum of €24,122,225); and
- (v) €126,344,444 — potential financial contribution for the Antwerp Project which does not constitute a commitment to pay and may not necessarily form part of the consideration if Antwerp Gateway will be successful in obtaining loan funds from external sources, whereby financial contributions from the shareholders shall become unnecessary. The figure stated is derived from deducting the share price of €125,000 (as detailed above) and the 25% shareholders' loan transfer price of €6,030,556 (as detailed above) from the potential financial contribution that the Purchaser may be requested to make, which is expected to be €132,500,000 (being 25% of the total Antwerp Project projected funding requirement of €530,000,000), i.e. €132,500,000 – €125,000 – €6,030,556 = €126,344,444.

The consideration is arrived at after arm's length negotiations between the parties by reference to the relevant prices of the available comparables (which being the Company's recent investments in container terminal projects), as well as the growth record of the Port of Antwerp for the past 10 years (as reported by APA) together with the growth forecast of the Port of Antwerp for the coming 15 years as conducted by the Company (as outlined later in this announcement), hence the return potential of the Antwerp Project. The Company is also satisfied with the results of the relevant legal and financial due diligence on Antwerp Gateway conducted by the Company's Belgian legal adviser before the Agreement date.

- Payment terms : (i) share price to be paid upon Completion in cash;
- (ii) incorporation & holding costs to be paid upon Completion in cash;
- (iii) additional purchase price to be paid in cash following the Seller's surrendering part of an existing container terminal facility and APA's waiver in writing waiving certain conditions as contained in the Concession Agreement currently applied to the Antwerp Project;
- (iv) shareholder's loan transfer price in the amount of €2,915,713 for the part of the shareholders loan that has been called as at the Latest Practicable Date (i.e. 25% of the total called portion of the shareholders' loan of €11,662,853) to be paid upon Completion in cash (the remaining uncalled portion of the Purchaser's share of the shareholders' loan of €3,114,843 shall be paid to Antwerp Gateway when the same is called); and
- (v) potential financial contribution to be made in cash when loan funds on favourable terms from external sources to Antwerp Gateway are unavailable.

- Conditions precedent : Completion is conditional upon:
- (i) APA's written approval that the change of control in Antwerp Gateway as a result of the Acquisition shall not cause the concession rights to be terminated (which has been fulfilled as at the Agreement date);
- (ii) Written consent from the 2 existing shareholders in Antwerp Gateway other than the Seller that they agree to the transfer of shares to the Purchaser and that they shall waive their pre-emptive rights relating to the transfer of shares (which has been fulfilled as at the Agreement date);

- (iii) The Seller to obtain all necessary approval and written consent from APA and all existing shareholders of Antwerp Gateway, and the Purchaser to provide all assistance and assurance as reasonably required by APA in relation to the Acquisition; and
- (iv) Due compliance with the Listing Rules as required by the Stock Exchange.

The conditions precedent must be realised no later than 15 December 2004. The Share Purchase Agreement shall be automatically rescinded and be considered null and void in the event that the conditions precedent will not be fulfilled on or before the said date, or any other date to be mutually agreed by the parties in writing. The Share Purchase Agreement has not provided for any waiver of the above conditions precedent, and it is not the intention of the parties to waive any such conditions.

Completion : Subject to the fulfillment of the conditions precedent, the date of Completion shall be agreed upon between the parties, and be within 10 days from the fulfillment of the conditions precedent in the Share Purchase Agreement, and no later than 31 December 2004.

Upon Completion, the Consideration abovesaid shall be paid by the Purchaser to the Seller, except for the additional purchase price (€1,375,000), which shall be paid when the Seller is to surrender part of an existing container terminal facility as aforesaid and upon APA's written waiver expected to be given towards the end of 2005, and except for the uncalled portion of the shareholders' loan (€3,114,843) as aforesaid which shall be made when called, and except for the potential financial contribution (€126,344,444) which shall only be made, in part or in full to Antwerp Gateway, when necessary. In the unlikely event that the APA's waiver aforementioned is not to be granted, the development and investment may thereby possibly be confined to the existing phase which comprises approximately 60% of the area of the Antwerp Project contemplated herein, and the amount of the potential financial contribution will be reduced accordingly. In addition, upon Completion, the transfer of the relevant shares shall take place and be registered in Antwerp Gateway's share book, and the Seller shall cause Antwerp Gateway to issue share certificates duly endorsed in respect of the relevant shares transferred as well as cause all necessary prior Board Resolutions to be made for the same.

The relevant loan assignment for the transfer of the 25% shareholders loan shall also be executed upon Completion.

Shareholders Agreement

Agreement date : 16 November 2004

Parties : (i) Seller (67.5% to be reduced to 42.5% immediately after the Acquisition);

(ii) P&O Nedlloyd Holdings Limited (25%);

(iii) Duisport Duisburger Hafen AG (7.5%);

(iv) Purchaser (shareholding shall be 25% immediately after the Acquisition); and

(v) Antwerp Gateway

Significant terms : — Transfer of 25% of the shares of Antwerp Gateway from the Seller to the Purchaser;

— The shares to be held by the Purchaser be known as “C” Shares, which shall rank pari passu with all other shares in the capital of Antwerp Gateway;

— Potential ongoing funding requirements from shareholders of Antwerp Gateway, which do not constitute an obligation imposed on the shareholders of Antwerp Gateway — such funding requirements will preferably be satisfied by loan funds from external lenders or financial institutions. In the event that loan funds from external sources on favourable terms are unavailable, the shareholders will be requested to advance monies to Antwerp Gateway in proportion to their respective shareholdings in Antwerp Gateway by way of shareholders’ loans. In the further event that such shareholders’ loans are unavailable, the shareholders will be required to contribute additional capital to Antwerp Gateway in proportion to their respective shareholdings in Antwerp Gateway. If any shareholder shall elect not to or fail to provide such additional capital contribution, other shareholders shall be entitled, but not obliged, to provide for the shortfall of capital whereby diluting the non-financing shareholder’s interest in Antwerp Gateway;

— Calculation basis of dilution of interest for any non-financing shareholder in the event of capital funding, whereby the non-financing shareholder’s interest shall be diluted in proportion to the part or whole of the capital shortfall that the non-financing shareholder elects not or fails to provide;

- Prohibitions of transfer or disposal of any shares during the first 3 years from the date of the Shareholders Agreement without the consent of all other shareholders, and no mortgage, charge or other encumbrances over the shares without the written consent from all other shareholders; and
- Any shareholder wishing to transfer or otherwise dispose of any share must first give prior written notice to all other shareholders specifying the proposed price and other conditions of the transfer allowing other shareholders to exercise their pre-emptive rights in acquiring these shares.

To the best knowledge, information and belief of the Board, which has made all reasonable enquiries, the Board confirms that all the parties herein (and their beneficial owners, if any) are third parties independent and not connected persons (as defined under the Listing Rules) of the Company, and that no connected person (as defined under Rule 14A of the Listing Rules) is involved in the Acquisition.

A circular containing further details of the Acquisition will be dispatched to the shareholders of the Company as soon as reasonably practicable after the date hereof.

BACKGROUND & NATURE OF THE ACQUISITION

Antwerp Gateway is a consortium formed under the laws of Belgium on 26 October 2000 as a company limited by shares with a fully paid-up share capital of €62,000 represented by 6,200 registered shares valued at €10 each (with no nominal value). The share capital was enlarged to €500,000 represented by 50,000 registered shares valued at €10 each (with no nominal value) on 5 November 2004.

The purpose of its incorporation is to realise and implement the Antwerp Project, and the concession rights of which were granted to Antwerp Gateway by APA in September 2003 with the relevant Concession Agreement entered into on 20 April 2004, thus Antwerp Gateway has not had any substantial business since its incorporation. The concession rights granted by APA to Antwerp Gateway will expire on 31 December 2046.

Upon completion of the Acquisition, Antwerp Gateway shall be held by 4 shareholders:

- Seller (42.5%), whose shares be denominated “P” Shares
- Purchaser (25%), whose shares be denominated “C” Shares
- P&O Nedlloyd Holdings Limited (25%), whose shares be denominated “N” Shares
- Duisport Duisburger Hafen AG (7.5%), whose shares be denominated “D” Shares

(The above shares shall all rank pari passu. The labels of the shares, namely, “P”, “C”, “N” and “D”, are for identification purpose only and shall not represent any preferential rights attaching to the shares denominated with a particular name.)

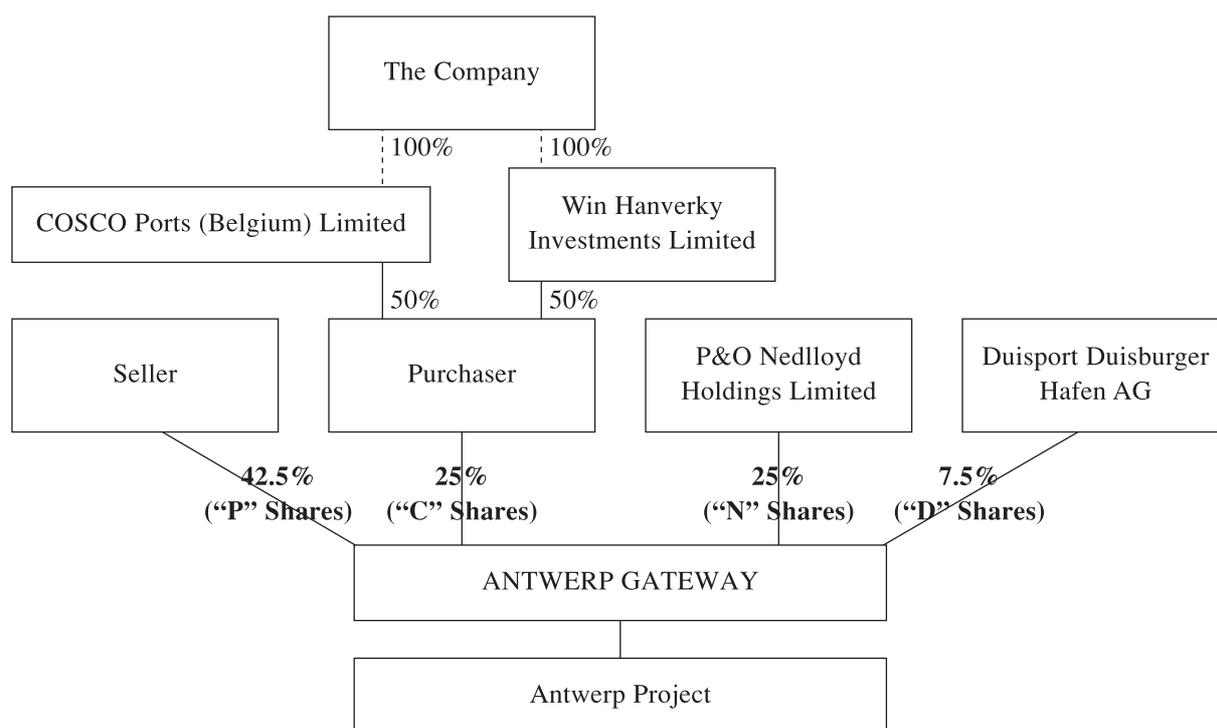
The Seller may procure a fifth shareholder. In such event, the Purchaser shall dispose of 5% of its interest in Antwerp Gateway, pursuant to an option it grants to the Seller under the Share Purchase Agreement to repurchase 5% of the shares (out of the 25% interest to be held by the Purchaser) of Antwerp Gateway and the corresponding 5% of the shareholders’ loan acquired by the Purchaser.

The sale price of the said 5% of the shares of Antwerp Gateway in such circumstances shall be 20% of the aggregate amount of the share transfer price of €125,000, the incorporation and holding costs (€4,058 plus such applicable rate as calculated up to the date of transfer) and additional purchase price of €1,375,000 (if paid), or shall be the fair market value to be determined by an independent valuer, subject to the agreement of the relevant parties involved. The transfer price of the corresponding 5% of the shareholders' loan under this repurchase option shall be 5% of the called portion of the shareholders' loan as at the date of transfer. In the event that such repurchase arrangement is to constitute a notifiable and/or connected transaction within the definitions in the Listing Rules, the Company shall comply with all relevant requirements contained therein, including but not limited to publishing a separate announcement to that effect.

For the purpose of the Acquisition, the Company has formed an indirect wholly owned subsidiary in Hong Kong, COSCO Ports (Belgium) Limited, to hold 50% interest in the Purchaser. Win Hanverky Investments Limited, another indirect wholly owned subsidiary of the Company, will hold the remaining 50% interest in the Purchaser.

STRUCTURE

The following is the shareholding structure of Antwerp Gateway immediately after the Acquisition:



----- denotes a series of wholly-owned subsidiaries

REASONS FOR AND BENEFITS OF THE ACQUISITION

Being one of the world's leading container-related conglomerates, the Company has its port operations around the world with current focus in Asia Pacific. In pursuing the Company's strategy of capturing global opportunities and establishing a worldwide terminal network to serve port users, it seeks to capitalise on its solid foundation in the PRC to invest and participate in prominent and promising international projects to further strengthen its foothold in Europe and the Atlantic.

Besides its other businesses, the Company presently holds interest in 13 terminals in China (including Hong Kong) and 1 terminal in Singapore. The Acquisition reflects the Company's strategy of and commitment to diversifying its investments and market presence geographically, leveraging on the Company's strong financial position and solid experience in developing and operating container terminals.

Antwerp Gateway has been granted the concession rights to develop, equip and operate the entire east side of the Deurganckdock in the Port of Antwerp until end of year 2046. Antwerp has long been a key port for European cargo. The vast port area sprawls over 13,348 hectares of land. The Port of Antwerp handles 140 million tonnes of cargo per year. The volume makes Antwerp the second largest port in Europe and the fourth largest in the world. In terms of containerised goods, the volume that the Port of Antwerp handled in 2003 came to 61.4 million tonnes or 5.4 million TEU, ranking it the third largest container port in Europe, after Rotterdam and Hamburg, and tenth largest in the world. During the first half of 2004, the Port of Antwerp continued to experience a strong growth in container traffic. As compared to the same period in 2003, according to the APA, the container volumes rose by 14.9%. For the past 10 years, the APA reports that the port has grown at a cumulative average growth rate of 10%. According to the forecast generated by the Company on the market growth rate of the Port of Antwerp, the port is expected to experience an average growth rate in the region of 10% per year for the next 15 years. The strong growth in the past causes the existing terminals in Antwerp to operate at close to capacity, and the future growth as forecasted by the Company further confirms the imminent need to expand the port and its handling capacity. The Antwerp Project will thus be expected to alleviate the current capacity constraints and absorb the future growth in traffic of the busy Port of Antwerp.

The Board believes the terms of the Acquisition are fair and reasonable and in the interests of the Company's shareholders and the Company as a whole.

GENERAL

The Company is principally in the business of container leasing, container terminal development and operation, logistics, and other container-related business and investments.

The Seller is a Belgian company with its principal business activities in port development, investment and operation.

P&O Nedlloyd Holdings Limited is a British company with its principal business activities in container shipping services.

Duisport Duisburger Hafen AG is a German state-owned company with its principal business activities in port management and international logistics services.

As at the date of this announcement, the board of directors of the Company comprises 18 executive directors, namely, Capt. WEI Jiafu (*Chairman*), Mr. LIU Guoyuan (*Vice Chairman*), Mr. ZHANG Fusheng, Mr. WANG Futian, Mr. CHEN Hongsheng, Mr. LI Jianhong, Mr. MA Zehua, Mr. MA Guichuan, Mr. LI Yunpeng, Ms. SUN Yueying, Mr. ZHOU Liancheng, Mr. SUN Jiakang (*Managing Director*), Mr. XU Lirong, Mr. HE Jiale, Mr. WONG Tin Yau, Kelvin, Mr. MENG Qinghui, Mr. LU Chenggang, Mr. QIN Fuyan; 3 independent non-executive directors, namely, Dr. LI Kwok Po, David, Mr. LIU Lit Man, Mr. Alexander Reid HAMILTON; and 1 non-executive director, namely, Mr. KWONG Che Keung, Gordon.

DEFINITIONS

Term	Meaning
“Acquisition”	the acquisition of 25% of the shares of Antwerp Gateway and 25% of an existing shareholder’s loan in Antwerp Gateway by the Purchaser from the Seller pursuant to the Share Purchase Agreement and Shareholders Agreement
“Antwerp Gateway”	Antwerp Gateway NV, a company limited by shares incorporated under the laws of Belgium.
“Antwerp Project”	the project in which Antwerp Gateway is to develop, equip and operate a container terminal on the east side of the Deurganckdock in the Port of Antwerp, whose concession rights were granted by APA to Antwerp Gateway in September 2003 following a competitive tender
“APA”	Antwerp Port Authority, Belgium, which is an autonomous municipal body with a separate corporate identity formed to own the docks and sites used by the port operators and concessionaries.
“Belgium”	Kingdom of Belgium
“Board”	the Board of Directors of the Company
“Board Resolutions”	resolutions passed in a meeting of the board of directors of the relevant company duly convened with all necessary requirements and formalities fulfilled pursuant to the relevant company’s constitution.
“Company”	COSCO Pacific Limited
“Completion”	the completion of the Share Purchase Agreement in accordance with its terms
“Concession Agreement”	the agreement between Antwerp Gateway and APA entered into on 20 April 2004, evidencing the granting of the concession rights in connection with the Antwerp Project by APA to Antwerp Gateway in September 2003, which is to be expired on 31 December 2046
“€”	Euro, the lawful currency of the European Union
“Germany”	Federal Republic of Germany
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 November 2004, being the latest practicable date prior to the publication of this announcement for ascertaining certain information contained herein
“LIBOR”	London Inter-Bank Offered Rate

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Port of Antwerp”	a major European port in Antwerp in the northern part of Belgium leading to the North Sea
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	COSCO Ports (Antwerp) NV, a company limited by shares incorporated under the laws of Belgium, jointly held by COSCO Ports (Belgium) Limited and Win Hanverky Investments Limited (both being companies limited by shares incorporated under the laws of Hong Kong and indirect wholly owned subsidiaries of the Company)
“Seller”	P&O Ports Europe NV, a company limited by shares incorporated under the laws of Belgium
“share(s)”	share(s) in the capital of Antwerp Gateway
“Share Purchase Agreement”	Share Purchase Agreement between the Purchaser, the Company and the Seller
“Shareholders Agreement”	Shareholders Agreement between the Purchaser, the Seller, P&O Nedlloyd Holdings Limited, Duisport Duisburger Hafen AG and Antwerp Gateway
“Singapore”	Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU”	twenty-foot equivalent unit

For the purpose of this announcement, the exchange rate at €1 to HK\$10.083 has been adopted where applicable for the purpose of illustration only, and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
COSCO Pacific Limited
SUN Jiakang
Managing Director

Hong Kong, 17 November 2004

Please also refer to the published version of this announcement in the (The Standard)